

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** April 28, 2011  
**POSITION:** Support

**BILL NUMBER:** AB 1272  
**AUTHOR:** B. Butler

### **BILL SUMMARY:** State Property: Surplus

This bill, the annual Department of General Services (DGS) surplus property bill, would authorize DGS to sell, exchange, or lease parcels of state property; pursuant to terms and conditions the DGS Director determines are in the best interest of the state. Additionally, this bill would rescind the surplus status of two previously identified parcels.

### **FISCAL SUMMARY**

To the extent the property is identified as surplus and subsequently sold, the state would receive additional revenue, subject to Proposition 60A, and proceeds would be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount and used to repay the Economic Recovery Bonds. The transaction would be required to be completed at fair market value. DGS has not determined the value of these properties as yet. At this time any estimate of proceeds is premature, pending a fair market appraisal. The DGS would be reimbursed for any cost or expense incurred in the disposition of the property from the proceeds of the property. These savings would be offset by rescinding the surplus status of two properties. However, DGS notes that because Employment Development Department (EDD) utilizes federal funds for program operation, federal equity may have to be repaid. An estimate of the amount of federal equity is not available at this time.

### **COMMENTS**

The Department of Finance supports this bill. To the extent that the identified properties are sold, the proceeds could generate additional revenue to the state.

Existing law does the following:

- Provides for the DGS to dispose of state surplus property, subject to specified conditions and upon legislative approval.
- Requires that the proceeds from the sale of surplus state property be used to pay the principal and interest on the Economic Recovery Bond Act of 2004, with the exception for properties acquired with special funds.

This bill would authorize the Director of DGS to sell, exchange, or lease parcels of approximately:

- 2.59 acres, known as the Hollywood EDD Office Building; located in Los Angeles County.
- 1.68 acres, known as the Los Angeles EDD Office Building; located in Los Angeles County.
- 1.17 acres, known as the EDD Office Building; located in Butte County.
- 1.54 acres, known as the Hidden Lakes Estates Parcel, located in Madera County.
- 40 acres, known as the Digger Butte Lookout, located in Tehama County.
- 20 acres, known as the Campbellville Lookout, located in Tehama County.

(Continued)

### **COMMENTS** (continued)

|                                      |      |                                      |      |
|--------------------------------------|------|--------------------------------------|------|
| Analyst/Principal<br>(0672) N. Brady | Date | Program Budget Manager<br>Karen Finn | Date |
|--------------------------------------|------|--------------------------------------|------|

|                            |      |
|----------------------------|------|
| Department Deputy Director | Date |
|----------------------------|------|

|                    |     |       |                            |
|--------------------|-----|-------|----------------------------|
| Governor's Office: | By: | Date: | Position Approved _____    |
|                    |     |       | Position Disapproved _____ |

|                      |                             |
|----------------------|-----------------------------|
| <b>BILL ANALYSIS</b> | Form DF-43 (Rev 03/95 Buff) |
|----------------------|-----------------------------|

## AUTHOR

**AMENDMENT DATE**

**BILL NUMBER**

B. Butler

April 28, 2011

AB 1272

Additionally, this bill would rescind the surplus status of the following properties:

- 0.54 acres of a portion of the Sutter Hill Forest Fire Station, located in Amador County.
- 5.54 acres, known as the National Guard Armory, located in Santa Clara County.

|                   |  | (Fiscal Impact by Fiscal Year) |                        |    |           |                    |           |    |           |           |
|-------------------|--|--------------------------------|------------------------|----|-----------|--------------------|-----------|----|-----------|-----------|
| Code/Department   |  | LA                             | (Dollars in Thousands) |    |           |                    |           |    |           |           |
| Agency or Revenue |  | CO                             | PROP                   |    |           |                    |           |    |           |           |
| Type              |  | RV                             | 98                     | FC | 2010-2011 | FC                 | 2011-2012 | FC | 2012-2013 | Fund Code |
| 1606/Sale Pub Lnd |  | RV                             | No                     |    | -----     | See Fiscal Summary | -----     |    |           | 3090      |
| <u>Fund Code</u>  | <u>Title</u>                             |                                |                        |    |           |                    |           |    |           |           |
| 3090              | Deficit Recovery Bond Retirement Sinking |                                |                        |    |           |                    |           |    |           |           |